

**RULES  
OF  
TENNESSEE DEPARTMENT OF HUMAN SERVICES  
TENNESSEE BUSINESS ENTERPRISES**

**CHAPTER 1240-6-5  
VENDING FACILITY EQUIPMENT AND INITIAL STOCK**

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**1240-6-5-.01 FACILITY EQUIPMENT.**

- (1) The agency shall provide adequate equipment for the use of the licensed manager and this equipment shall remain the property of the agency. Ownership of vending facility equipment other than that provided by the agency, shall not be vested in the agency.
- (2) No alteration, change or removal shall be made without the approval of the agency.
- (3) The manager shall report immediately any incident, theft or defacement of equipment.
- (4) A manager who wishes to do so may lease equipment necessary and desirable for the operation of the vending facility, provided that the manager and the agency first agree. When a manager desires to lease equipment, a proposal for leasing shall be submitted to the manager's TBE Consultant, with a copy also to be submitted to the central office. During the course of any such lease, the manager is under no obligations to accept equipment for a similar purpose which might be provided by the agency. In no event shall the agency be held liable for the manager's obligations under the terms of any lease or for any repairs associated with the leased equipment. The manager's obligations to any lessor shall remain in effect without regard to removal or reassignment of the manager for any reason. For purposes of determining the amount of the manager's set aside assessment, the proceeds derived from sales of merchandise from leased equipment shall be regarded as income to the vending facility, provided that all expenses for leasing of equipment shall be deductible as a business expense from the gross income of the facility.

**Authority:** TCA §§4-5-201 et seq., 14-628, 14-629, 14-14-404(c), 14-14-405 (b); 34 CFR 395.3 (a)(5), 45 CFR 1369.3 (5). **Administrative History:** Original rule filed August 30, 1978; effective November 29, 1978. Amendment filed May 25, 1983; effective June 24, 1983. Repeal and new rule filed April 27, 1998; effective August 28, 1998

**1240-6-5-.02 MAINTENANCE AND REPAIR.**

- (1) The agency shall, in accordance with procedures contained in the Operations Manual, maintain in good repair, or cause to be maintained in good repair, all vending facility equipment in an attractive condition, and shall replace, or cause to be replaced, worn out or obsolete equipment as required to assure the continued successful operation of the facility. Where used equipment is furnished to replace non-functioning, worn out or obsolete equipment, the agency shall insure that such equipment is in good working order and shall make any necessary repairs prior to installing such equipment at the vending facility.
- (2) Repair and maintenance will be performed using set monies to meet the expenditures. When such services are required, the agency will repair the income producing equipment, or cause it to be repaired, within forty-eight (48) hours of notification by the manager, provided that parts can be obtained and the equipment is out of warranty. In the event that the agency fails to fulfill its obligation under this subsection, the manager shall have the right to withhold the payment of set aside assessments which are



(Rule 1240-6-5-.02 continued)

or become due, until the equipment is repaired or replaced.

- (3) Established managers who are placed on probation pursuant to subsection (2) of this subsection will not lose seniority while on probation, except as provided in rule 1240-6-6-.03.
- (4) The manager shall take reasonable care of equipment in his facility and carry out routine day-to-day cleaning and maintenance procedures.
- (5) The manager shall assure that equipment is maintained in accordance with all health laws and regulations.

**Authority:** TCA §§4-5-201 et seq., 71-1-105(12), 71-4-604(c), 71-4-405(b), 14-628, 14-629, 14-14-404(c), 14-14-105(b); 34 CFR 395.3(a)(5). **Administrative History:** Original rule filed August 30, 1978; effective November 29, 1978. Amendment filed November 8, 1979; effective January 29, 1980. Amendment filed May 25, 1983; effective June 24, 1983. Amendment filed March 10, 1989; effective April 24, 1989. Repeal and new rule filed April 27, 1998; effective August 28, 1998.

#### 1240-6-5-.03 INITIAL STOCK

- (1) The agency shall provide the initial stock for the use of the licensed manager.
- (2) It is the responsibility of the manager to, at all times, maintain a merchandise inventory equal to the initial stock provided by the agency. The value of the inventory is to be calculated at wholesale cost. The agency shall take no action to validate the initial inventory level during periods when the facility is preparing to close for extended breaks which are mandated by property management.
- (3) Ownership of the initial stock, or its current wholesale cash value shall be vested in the agency, and ownership of stock in trade and funds on hand, other than that provided by the agency, shall be vested in the manager.

**Authority:** TCA §§4-5-201 et seq., 71-1-105(12), 71-4-604(c), 71-41-405 (b), 14-128, 14-129, 14-14-404(c), 14-14-405(b); 34 CFR 395.3(a)(5). **Administrative History:** Original rule filed August 30, 1978; effective November 29, 1978. Amendment filed November 8, 1979; effective January 29, 1980. Amendment filed May 25, 1983; effective June 24, 1983. Amendment filed March 10, 1989; effective April 24, 1989.

#### 1240-6-5-.04 REPEALED

**Authority:** TCA §14-14-404 (c); 34 CFR 395.6 **Administrative History:** Original rule filed May 25, 1983; effective June 24, 1983. Repeal filed December 6, 1983; effective January 5, 1984.